

The three very important topics for this month are the teacher's contract, the 2010-2011 the budget, and the bond proposal.

The Teacher's Contract:

I must unfortunately report that the negotiating team representing the Board and the negotiating team representing the CVEA have not been able to come to an agreement. Many hours have been spent in negotiations, many proposals have been placed on the table, and we still are not able to reach agreement. Due to the rules of negotiation, I am limited as to the amount of detail I can provide, but I want to say that the Board remains very committed to providing the CVEA a contract that will provide a fair and equitable compensation package. That means more than just salary. Compensation is both salary and benefits and we strive to make sure that both the salary and benefit package, which includes healthcare are competitive. If you read the papers you may find that each district pays different salaries to their employees, but it is also important to note that the percent contribution for healthcare is also very different. So I would ask that as you hear different things to look at total compensation and not just salary. We recognize the need to resolve this as soon as possible and also understand the strain it is putting on the teachers, the students the parents, administrators as well as the school board. We continue to hope for a resolution as soon as possible and might even need a special meeting post the March vote if we can reach an agreement.

The Budget:

As I sit down today to write to all of you about the proposed school budget, I began to reflect on where we started and where we are today. I think it is important that I review the journey we have taken to date. Prior to the beginning of the Budget discussions, the Board established three tenets, which served as the foundation of our budgeting philosophy this year, the tenets were to develop a budget that was educationally responsible, fiscally responsible, and socially responsible.

The SAU administration provided the Board two budgets using different models, one was a level services model and the other was a path improvement model. As I had written previously, the level services version would have halted the implementation of currently piloted education programs and would have placed strains on newly implemented programs. For these reasons the Board enthusiastically supported our path improvement model. Having established our model, the first version of the budget was presented to the Board for discussion. A few facts and figures that must be kept in mind as you read on.

A significant amount of the operating budget, 93%, covers fixed costs these include things like salaries and benefits as well as utilities, insurance, debt service, and tuition. These costs are for the most part out of our control due to the nature of the expenditures. Of the 93%, 75% covers salaries and benefits which are contractual obligations that we must meet. Also, costs like fuel, health insurance and utilities continue to rise and while we aggressively bid and contract for these services, they come at an ever increasing cost. Added to our fixed costs are the other costs that support our educational programming. These costs support our strategic plan that calls for review, piloting and then implementation of instructional programs necessary to support our goal of being a high

performing district. The forces at play are ever increasing fixed costs plus the cost of educational programs. Our new programs have already delivered results. So our budget focuses on continuation of the plan to improve our educational programs while meeting our other obligations

On Saturday December, 12th, the Board was presented with the version 1 of the proposed budget. It came in at \$41,779,546, for a 2.75% increase. This budget included some increases, i.e. technology, and pilot programs moving to implementation, as well as ongoing support for our newer educational programs. Health insurance and NH retirement contributions also increased. Reductions in maintenance lines for waste disposal, snow plowing were provided. Small staff reductions were also recommended which were the results of shifting enrollment, including one para-professional at FES. While this version was a good place to start, we felt that there were other areas that needed to be evaluated and thus directed the SAU to look at other to see if there were other areas which could be either reduced, or put off another year.

On December 15th, in Dublin we were presented with a series of deeper and deeper cuts in staffing at CVHS. We did make the difficult decision to support some of the cuts while recommending that other cuts not be made. The Board reduced the technology request for additional smart boards at SMS, moved the funds from the Capital Trust Fund to pay for roof replacement at Pierce instead of allocating the funds from the operating budget. These changes resulted in an operating budget reduction of an additional of \$205,099. For a net increase of 2.24% vs. last years budget. Our teaching and para-professional reductions were at slightly over 16 full time positions. A number that was higher than we would have liked, but an honest number based on classroom as well as building enrollment changes. As we continued to strive towards lowering the budget, there were additional reductions of over \$40,000 bringing the net increase down again to 2.14%.

At this point, we all were still not comfortable with where we were, and many of you who I had spoken to wanted us to keep any increases in the budget as low as possible. I was even asked to “keep it under 2.0%” Next we began to focus our attention on how we could make relatively large decreases that would not effect any instruction. The area that was identified was the CIP. Our CIP is included in the operating budget, unlike the Town’s CIP. The CIP covers roof replacement, HVAC, etc. A proposal was made to move line items from the CIP out of the operating budget and include it in our Bond proposal (more on the bond later) The result for the 2010-2011 year would mean that much needed repairs and system upgrades could be completed, have no tax impact this year, and would be reimbursed at \$.55 on the dollar as part of the Bond, if the bond passes. This proposal resulted in multiple meetings and much discussion and debate.

On the surface, anything we can do to reduce the budget, and thus your tax bill is a very good thing the reductions have shaved over \$310,000 off the budget and now would mean an increase of only 1.69%. I want to make sure that you understand that this move was taken so we could be under the 2.0% increase which will benefit all of us when the tax rate is set. It does come with some assumptions and caveats. First, we do need the Bond to pass. Second, it means that the 2011-2012 budget which would have the full CIP,

would have an increases that would look a bit high, since this years would be 0. We also have the possibility due to the bond, that many CIP projects could be funded, but we would not know that until we pass the bond and begin the work. Even with these assumptions, I feel that it is a prudent approach, it will meet our CIP needs and it will keep the budget increases in check.

Our final version, version 5 was just recently presented and discussed. The major change is the result of contract negotiations with the school and SAU administrators. The various members that make up this group, the principals, and the SAU administrators have all voluntarily agreed to no merit pay increases next year. This has now resulted in another reduction in the budget almost \$100,000. The final net change for the operating budget is only 1.45%. This budget will have been presented at a public meeting on January 19th and will be discussed at District meeting on February 3 and on the warrant in March.

Many of you have asked me to tell you how much our budget would mean in terms of your tax bill. One of our Board members, Gail Cromwell has provided me an estimate of the tax rate impact of our proposed budget increase. It was built using assessed values by town from 2009, a calculation that resulted in of each Town's share of the District Assessment, with the following assumptions. First, that the percent contribution will be the same next year and second, that actual assessed values will remain fairly constant. The result is only an approximation and I would ask that you use it as a mean to estimate the possible impact of this budget on you. For a home worth \$300,000, the annual impact would be about \$70. Actual tax numbers are only available following the rate being set by the State and which is then calculated using the States formula to determine each town's tax liability. This number represents only the education tax component

In summary, after many hours of discussion and debate, a budget increase that started at \$1.1 million dollars, has now been cut almost in half to \$587,643, for a small increase of 1.45%. The budget would be stand at \$41,249,986. The default budget is \$40,995,232, which is a 0.82% increase over the 2009-2010 operating budget.

I hope that you will join me in supporting the all the employees of ConVal as well as the students by voting YES for the budget.

The Bond:

Once again the Board has decided to ask for your support for a bond. Let me assure you that this proposal has been the topic of many discussions including a presentation from Ed Murdough, from the Department of Education. We wanted to get as much input as possible as to the benefits of a bonding request this year vs. the risks of waiting another year or two. The needs for infrastructural improvements and upgrades at the High School have continued. Our 40 year old building is one more year older. We are still not in compliance with various ADA requirements, and our locker rooms are out of compliance with the Federal Title IX statute requiring that girls and boys have equal access to resources. Those are the facts, now let me share with you the how these deficiencies effect our children as well as the community at large.

First, if you have not been to the High School, then the scope of the problem is only going to be represented by my words, so I challenge you to take a tour, I will be happy to show you around. A few months ago I was attending the annual Christmas crafts show and was able to get direct feedback from a group of ladies as to the “deplorable and disgusting bathrooms” that they had to use. Imagine what the people must say to themselves when they attend a basketball game or the Christmas concert, I also wonder how the students feel who have to use them each day.

Have you ever been on crutches, or do you know someone who uses a cane, crutches or is in a wheel chair? If that is you, a loved one, or just a friend, then let me share with you how they would get from the main part of the High School to the gym. Since there is no ramp in the building that can accommodate the wheel chairs of today, the individual must go out the front door, travel down the sidewalk, and then re-enter the building to gain access to the gym. They cannot get into the locker room if they are a boy, the door is too narrow, and if they are a girl they can’t use the stairs.

Female athletes have had to walk up the stairs, while male athletes just walk down the hall. The locker rooms are old, dirty, and most all of the lockers are broken. The gang showers that we remember as kids are the only showers available. Ask a student athlete if they ever use the showers and how they secure their belongings. What do you think opposing player’s thing about ConVal when they have to use our locker rooms? While we do not need to have the best, we at a minimum need to have clean, secure areas that afford access for all. What about a grandmother or grandfather who is wheelchair bound who wants to hear their granddaughter sing at Christmas or watch their grandson sink the winning shot. By supporting the bond proposal, not only will you provide the much needed access, but the District will also be able to make needed repairs to the electrical system, improve our theater, and address other ADA code issues through-out the High School and eventually building permanent alternative education wing to support the needs of the students in the alternative education program.

The funding formula currently in place from the State has a \$5.0 million threshold, in order for building projects to be reimbursed by the State at a rate of \$.55 for every dollar spent. During the presentation that Mr. Murdough gave use he shared with us that funding for building aid projects that are submitted to the State this year, assuming bond passage by the voters, would be fully funded. He could not provide us the same assurance or speculate about the future formula or level of funding moving past this year. So the Board feels that the time to bond is now and that if we wait another year, the amount of aid we get would be very different. Other important factors that support bonding now instead of later; a project like this would provide a local economic impact. Local contractors and businesses will directly benefit from these projects. Current quotes for construction and materials are lower now than they have been in years past and thus we would get even more for our money. Based on the repayment schedule and the retirement of existing bonds, the net effects are going to be minimal. And one of the biggest factors is that spend only \$.45 of every dollar.

OK so now for some dollars and cents. The Board is supporting a 5 year bond that will meet the State threshold for building aid at \$.55 on the dollar. While this shortens the terms, and thus accelerates the repayment schedule, ConVal could be debt free in just about 5 years. The direct impact on the tax rate is 0 in 2010-2011 and at press time did not have the impact for 2011-2012. There would be two years of older bonds that would overlap with the new bond netting out only about a \$220,000 more of payments per year across the entire tax base. Also due to the way the State will reimburse us, money will be flowing back into the district in the first year of the bond, which will be a benefit to our cash flow position.

By supporting the Bond this year, we can address the long overdue structural, infrastructural, ADA compliance issues, afford ourselves of excellent terms, paying only \$.45 on the dollar, and be potentially debt free in about 6 years. All of this would also benefit our local construction economy, and in the end benefit all the citizens of the district who use or know someone who use our High School. So please vote yes for the Bond.

I am planning on hosting a public meeting to discuss this in more detail on Thursday February 11th at the Library from 7-8:30. I hope you can make it.

Feel free to send me E-mail, at sbrock@conval.edu, or call me at 547-6221 or send you comments directly to my home at 700 Bible Hill Rd.